Energy Ventures Limited

ABN 89 106 523 611

# Preliminary Final Report – 30 June 2010

Lodged with the ASX under Listing Rule 4.3 BA.1

**Contents**

Results for announcement to the market as at 31 August 2010.

Other Appendix 4E Information

## Results for Announcement to the Market

| Current Reporting Period | 30 June 2010 $'000 | Change % |
|---|---|---|
| **Revenue from ordinary activities** | **334** | **(20)** |
| **Profit/(loss) from ordinary activities after tax attributable to members** | **(3,387)** | **(6)** |
| **Net profit/(loss) for the period attributable to members** | **(3,387)** | **(6)** |

**Dividends**
No dividends have been declared or paid during the period.

**Explanation of Net Profit/(Loss)**
The loss for the period was a result of:

- operating costs of existing investments held by the Company, including 37.3% of African Energy Resources Ltd;
- impairment of exploration capitalised in Norrsken Energy;
- operating overheads of the Group;
- evaluation of new investment opportunities; and
- the management of the Company during the period.

**Net tangible Assets per Security**

| | 30 June 2010 Cents / Share | 30 June 2009 Cents / Share |
|---|---|---|
| Net tangible assets per security | **5.13** | **6.00** |

1. *Details of entities over which control has been gained or lost during the period.*

   Wayland Copper Ltd was incorporated during the year as a 50:50 joint venture with Beowulf Mining plc to manage the Ballek project.

2. *Details of individual and total dividends or distributions and dividend or distribution payments. The details must include the date on which each dividend or distribution is payable, and (if known) the amount per security of foreign sourced dividend or distribution.*

   Not applicable – no dividends have been declared or paid.

3. *Details of any dividend or distribution reinvestment plans in operation and the last date for the receipt of an election notice for participation in any dividend or distribution reinvestment plan.*

   Not applicable– no dividends have been declared or paid.

4. *Details of associates and joint venture entities including the name of the associate or joint venture entity and details of the reporting entity's percentage holding in each of these entities and – where material to an understanding of the report - aggregate share of profits (losses) of these entities, details of contributions to net profit for each of these entities, and with comparative figures for each of these disclosures for the previous corresponding period.*

   During the year the Company maintained its 29.8% interest in Swedish uranium explorer Agricola Resources Plc. The Company's 29.8% share of Agricola's losses for the year equated to AUD$66,000.

5. *Commentary of the results for the period:*

   a. Significant features of operating performance

      There were no significant features of the financial operating performance of the Company.

   b. Discussion of trends

      The Company continues to support its existing investment portfolio and investigate potential investment opportunities in a number of market segments, with particular focus currently on the energy sector.

   c. Any other factors
      None

**Audit Status**

| This report is based on accounts to which one of the following applies: | | | |
|---|---|---|---|
| The accounts have been audited | ✓ | The accounts have been subject to review | |
| The accounts are in the process of being audited | | The accounts have not yet been audited or reviewed | |
| **If the accounts have not yet been audited and are likely to be subject to dispute or qualification, a description of the likely dispute or qualification:**<br><br>N/A | | | |
| **If the accounts have been audited and are subject to dispute or qualification, a description of the dispute or qualification:**<br><br>N/A | | | |

Gregory William Fry
Executive Director
31 August 2010

Energy Ventures Limited

ABN 89 106 523 611

# FINANCIAL REPORT

# 30 JUNE 2010

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# Corporate Directory

| | |
|---|---|
| **Directors** | Dr Ian Duncan DPhil, FTSE, FAusIMM, FIEAust, FAIE<br>Non-Executive Chairman<br><br>Mr Alasdair Cooke BSc (Hons)<br>Executive Director<br><br>Mr Michael Curnow<br>Non-Executive Director<br><br>Mr Gregory (Bill) Fry<br>Executive Director |
| **Company Secretary** | Mr Daniel Davis BCom |
| **Principal registered office in Australia** | Level 1<br>8 Colin Street<br>West Perth WA 6005 |
| **Share Registry** | Computershare Investor Services<br>45 St Georges Terrace<br>Perth WA 6000 |
| **Stock exchange listings** | Energy Ventures Limited shares are listed on the Australian Stock Exchange (ASX: EVE) |
| **Auditor** | BDO Audit (WA) Pty Ltd<br>38 Station Street<br>Subiaco WA 6008 |
| **Website address** | www.energyventures.com.au |

The Directors present their report together with the financial report of Energy Ventures Limited ('the Company') and of the Group, being the Company and its controlled entities, for the financial year ended 30 June 2010.

## 1. Directors and Company Secretary

The names of Directors and Company Secretary in office at any time during or since the end of the year are:

Dr Ian Duncan, Non-executive Chairman
Mr Michael Curnow, Non-executive Director
Mr Alasdair Cooke, Executive Director
Mr Gregory (Bill) Fry, Executive Director
Mr Daniel Davis, Company Secretary

**Directors' Meetings**

| Director | Board of Directors | | Remuneration Committee | | Audit Committee | |
|---|---|---|---|---|---|---|
| | Present | Held | Present | Held | Present | Held |
| Dr Ian James Duncan | 3 | 3 | - | - | - | - |
| Michael Curnow | 3 | 3 | 1 | 1 | 2 | 2 |
| Gregory (Bill) Fry | 3 | 3 | - | - | 2 | 2 |
| Alasdair Cooke | 3 | 3 | 1 | 1 | - | - |

**Corporate Governance**

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of Energy Ventures Limited support and have adhered to the principles of sound corporate governance. The Board recognises the recommendations of the Australian Stock Exchange Corporate Governance Council, and considers that the Company is in compliance with those guidelines which are of importance to the commercial operation of a junior listed resource Company. During the financial year, shareholders continued to receive the benefit of an efficient and cost-effective corporate governance policy for the Company. A Corporate Governance Policy is included as part of this report.

**Directors and Company Secretary**

**Dr Ian Duncan DPhil, FTSE, FAusIMM, FIEA, FAIE) | Non-Executive Chairman**
Dr. Duncan joined Energy Ventures in 2005 as a non-executive Chairman of the board. His prior employment included working for Western Mining Corporation (WMC) where he began in 1971 as Operations Manager, Exploration Division and continued on to have a 27 year career, retiring as General Manager of the Olympic Dam copper, uranium, gold and silver operation in South Australia. Owing to his diverse involvement in uranium exploration, production and marketing over the past 30 years Dr. Duncan has become aware of elements of the world's nuclear fuel cycle and nuclear power technology which is of great value to Energy Ventures.

Dr. Duncan is a former Chairman of the London based Uranium Institute (now the World Nuclear Association). His doctorate, which he completed at the University of Oxford, addressed the interface between society and the disposal of radioactive waste, and he has since gone on to become a specialist consultant in this field. Dr Duncan is currently Chair of the Western Australian Division of the Australian Academy of Technological Sciences and Engineering.

Dr Duncan resigned from the Board of African Energy Resources Limited in 2008. He has held no other public Directorships during the past 3 years.

**Mr Michael Curnow | Non-Executive Director**

Mr. Curnow brings extensive and valuable experience in the resources sector to the Company with his past positions including gold, platinum and mineral sands exploration. He has been involved in the ownership and management of a range of businesses in his native South Africa and Australia, including being the founding Director of Gallery Gold Limited and AGR Limited, along with being a Director of a number of other public mining companies, 3 of which are now producing.

Mr. Curnow has been a non-executive Director of Energy Ventures since 2006 and is also a non-executive Director of African Energy Resources Limited. He has held no other public Directorships during the past 3 years.

**Mr Alasdair Cooke BSc (Hons) | Executive Director**

Mr Cooke is a geologist with 20 years experience in the resource exploration industry throughout Australia and internationally. He has held senior positions in World Geoscience Corporation in Australia and North America as well as BHP Billiton plc's international project generation group and new business and reconnaissance group. Since 1997 Mr Cooke has been involved in the development of resource projects in various private and public resource companies. Mr Cooke is also an Executive Director of Albidon Limited, African Energy Resources Limited and Exco Resources Ltd. In the past three years Mr Cooke has held no other public Directorships.

**Mr Gregory Fry | Executive Director**

Mr Fry has more than 20 years corporate experience in the mining and resources industry, specialising in accounting, management, business development and general corporate activities. He has vast experience in project evaluation and development, project funding, management, finance and operations. Over the past 14 years Mr. Fry has been a Director of several private and public companies with activities ranging from funds management, minerals exploration, mining and quarrying, land development and waste management.

Mr. Fry was appointed to the Board of Energy Ventures on 18 August 2009 and is responsible for the Company's commercial and financial business programs. He is a current Director of African Energy Resources Limited, Norrland Resources Limited, and Oval Biofuels Limited and a previous Director of Agricola Resources Plc. He has held no other public Directorships during the past 3 years.

**Mr Daniel Davis B.Com CPA | Company Secretary**

Mr. Davis is a member of CPA Australia who graduated from the University of Western Australia in 2001 with a Bachelor of Commerce majoring in Accounting and Finance. Mr. Davis has worked in the resources sector for the last six years specialising in African based explorers. Prior to joining Energy Ventures in 2007 as Financial Accountant he worked with Albidon Ltd in a similar role. Mr. Davis was appointed to the role of Company Secretary during 2009.

## 2. Review of Operations

Energy Ventures is an ASX listed investment company, with an investment portfolio comprising international energy sector assets, and primarily focused on uranium resource projects. The Company's existing investment portfolio is detailed below:

**Amaroo Resources Ltd (100% equity interest)**

Amaroo Resources is a UK incorporated subsidiary formed to manage the Company's interests in uranium projects in the western USA.

Energy Ventures has recently acquired the Aurora deposit in southern Oregon, which has an 18.3 Mlb $eU_3O_8$[1] resource base contained within an Indicated resource of 17.69 Mt @ 0.0518% $eU_3O_8$.

The deposit is located in a historical mining area in southern Oregon, approximately five kilometres north of the Nevada border and approximately 15 kilometres west of the small border town of McDermitt, Nevada. The Company originally acquired a package of 52 contiguous, unpatented lode claims and has subsequently increased its ground holding to 133 claims.

The Aurora deposit is most recently described in a report entitled "Technical Report of the Aurora Uranium Project, Malheur County, Oregon", prepared for Quincy Energy Corporation and dated September 1st, 2005. This report has been prepared in accordance with Canadian National Instrument 43-101 (NI43-101) and is available from the Canadian Security Administrators on the SEDAR filing system (www.sedar.com).

The Company has also recently pegged 37 new tenements in Nevada, USA. This area covers the Virgin Valley uranium project, which is interpreted to be another volcanic caldera hosted system. Locally high grade mineralisation up to 1% U is documented from surface rock chip samples and mineralisation is known to occur over about 2 square kilometres.

The Company is continuing to seek out other prospects in the USA to add to its portfolio.

**African Energy Resources Ltd (37.2% equity interest)**

African Energy Resources Limited (ASX: AFR) is developing advanced uranium exploration projects in southern Africa, with its most advanced project located in the Kariba Valley, Zambia.

African Energy holds a vested 70% interest in the Chirundu Joint Venture Project with Albidon Limited (ASX: ALB) holding the remaining 30%. The Chirundu JV comprises a large tenement package covering prospective uranium targets in the Kariba Valley region. The most advanced projects are the Gwabe and Njame uranium deposits which contain a total Measured and Indicated Resource of 7.4 million pounds of uranium at an average grade of 293 ppm $U_3O_8$. The Chirundu JV also contains numerous drill ready and high priority exploration targets that are currently being investigated.

African Energy commenced a Bankable Feasibility Study (BFS) on the Chirundu JV Project in May 2008 and indications to date are that the project could support a 5-6 year, low to medium cost acid heap leach operation delivering on average 1.2Mlb $U_3O_8$ per annum at an average cash cost of below US \$30/lb $U_3O_8$. However, with the exception of certain aspects of the metallurgical test-work programme the BFS was suspended in October 2008 in response to deteriorating market conditions. This decision is continually under review.

In addition to the Chirundu Joint Ventures project, African Energy is also maintaining active exploration programs for uranium on other projects in Zambia and Botswana. African Energy is currently funding and operating the Kariba Valley Joint Venture uranium projects in central Zambia. Reconnaissance exploration

[1] The term $eU_3O_8$ refers to an equivalent uranium oxide grade that is based on the conversion of a radiometric gamma log determination of radioactive mineral abundance to a calculated uranium content. True $U_3O_8$ values are obtained from direct chemical assay results.

programs are continuing at African Energy's 100% owned Northern Luangwa Valley Uranium Project (Zambia) and Sese Uranium Project (Botswana).

African Energy accounts are consolidated into Energy Ventures with an adjustment for the non-controlling interest posted to equity. This is due to Energy Ventures holding a controlling interest in African Energy.

**Norrsken Energy Ltd (51% equity interest)**

Norrsken Energy Limited is a joint venture company formed between Energy Ventures and Swedish mineral company IGE Nordic AB (www.igenordic.se) to evaluate early stage uranium exploration targets in Sweden. EVE is the manager of the joint venture and has committed SEK5 million (approximately A$750,000) to fund the initial exploration programs to earn 51% of the joint venture company. The consolidated Norrsken Energy project portfolio comprises a total of 13 exploration permit areas.

**Wayland Copper Ltd (50% equity interest)**

Energy Ventures completed a joint venture agreement with AIM listed company Beowulf Mining plc (AIM:BEM, see www.beowulfmining.com) on the Ballek copper-gold-uranium project in September 2009. The project comprises four exploration permits that collectively cover 110 square kilometres in Arjeplog County, northern Sweden. The historical Lulepotten copper-gold deposit, which has an Inferred Resource of 5.4 Mt grading 0.8% copper and 0.3g/t gold, is contained within the project area.

Under the terms of the joint venture agreement with Beowulf Mining, EVE was required to sole fund exploration on the project and to complete a 1,600 metre drilling programme by 31 March 2010 in order to earn a 50% interest in the project. This earn-in requirement has now been met.

Beowulf Mining has incorporated Wayland Copper Limited as a joint venture company to hold the Ballek project exploration permits, and will transfer 50% equity in the new company to EVE. EVE will be the manager and operator of Wayland Copper, which will be jointly funded by EVE and Beowulf Mining in order to complete an agreed exploration work programme.

**Agricola Resources Plc (29.8% equity interest)**

Agricola Resources Plc (Agricola) is a gold exploration company listed on the UK's PLUS Exchange. The Company is currently focussing on a portfolio of tenements in Morocco. Energy Ventures currently holds a 29.8% interest in Agricola.

*The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the 'JORC Code') sets out minimum standards, recommendations and guidelines for Public Reporting in Australasia of Exploration Results, Mineral Resources and Ore Reserves. The information contained in this announcement has been presented in accordance with the JORC Code and references to "Measured", "Indicated" and "Inferred Resources" are to those terms as defined in the JORC Code.*

*Information in this report relating to exploration results is based on data compiled by Mr Lachlan Reynolds (a full time employee of Energy Ventures), who is a member of The Australasian Institute of Mining and Metallurgy. Mr Reynolds has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking, to qualify as a Competent Person under the 2004 Edition of the Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Reynolds consents to the inclusion of the data in the form and context in which it appears.*

The Group ended the financial year with cash on deposit totalling $6,682,751 (2009: $1,660,096).

## 3. Remuneration Report – audited

This Remuneration Report outlines the remuneration arrangements which were in place during the year, and remain in place as at the date of this report, for the Directors and key management personnel of Energy Ventures Limited.

The information provided in this remuneration report has been audited as required by section 308(3C) of the Corporations Act 2001.

**Principles of compensation**

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders, and conforms with market practice for delivery of reward. The Board ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness;
- acceptability to shareholders;
- performance linkage / alignment of executive compensation;
- transparency; and
- capital management.

In consultation with external remuneration consultants, the Group has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the organisation.

Alignment to shareholders' interests:

- has economic profit as a core component of plan design;
- focuses on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant return on assets as well as focusing the executive on key non-financial drivers of value; and
- attracts and retains high calibre executives.

Alignment to program participants' interests:

- rewards capability and experience;
- reflects competitive reward for contribution to growth in shareholder wealth;
- provides a clear structure for earning rewards; and
- provides recognition for contribution.

The framework provides a mix of fixed and variable pay, and a blend of short and long-term incentives. As executives gain seniority with the group, the balance of this mix shifts to a higher proportion of ''at risk'' rewards.

The Board provides advice on remuneration and incentive policies and practices and specific recommendations on remuneration packages and other terms of employment for executive Directors, other senior executives and non-executive Directors. The Corporate Governance Statement provides further information on the role of the Board.

***Non-executive Directors***

Fees and payments to non-executive Directors reflect the demands which are made on, and the responsibilities of, the Directors. Non-executive Directors' fees and payments are reviewed annually by the Board. The Board has also considered the advice of independent remuneration consultants to ensure non-executive Directors' fees and payments are appropriate and in line with the market. The Chairman's fees are determined independently to the fees of non-executive Directors based on comparative roles in the external market. The Chairman is not present at any discussions relating to determination of his own remuneration.

*Directors' fees*
The current base remuneration was last reviewed with effect from 1 July 2007. The non-executive Directors' remuneration is limited to a base fee of $25,000 per annum which was approved at the Annual General Meeting on 27 November 2007.

The following fees have applied:

| *Base fees* | ***2010*** | ***2009*** |
|---|---|---|
| Non-executive Directors | $25,000 | $25,000 |
| Non-executive Chairman | $50,000 | $50,000 |

***Executive pay***
The executive pay and reward framework has two components:
- base pay and benefits, including superannuation; and
- long-term incentive through participation in the EVE Employee Option Plan and AFR Employee Option Plan.

The combination of these comprises the executive's total remuneration.

***Base pay***
Base pay is structured as a total employment cost package which may be delivered as a combination of cash and prescribed non-financial benefits at the executive's discretion.

Executives are offered a competitive base pay that comprises the fixed component of pay and rewards. External remuneration consultants provide analysis and advice to ensure base pay is set to reflect the market for a comparable role. Base pay for executives is reviewed annually to ensure the executive's pay is competitive with the market. An executive's pay is also reviewed on promotion.

There are no guaranteed base pay increases included in any executives' contracts.

***Superannuation***
Retirement benefits are limited to superannuation contributions as required under the Australian superannuation guarantee legislation.

***Long-term incentives***
Long-term incentives are provided to certain non-executive Directors and executives under the EVE Employee Option Plan; more details provided in section *3.4 Equity instruments* of this report.

**Service contracts**

On appointment to the Board, all non-executive Directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the Board policies and terms, including compensation, relevant to the office of Director.

The Company currently has service contracts in place with the executive Directors. Details of the executive's agreements are listed below.

Mr Gregory William Fry – *Executive Director, the Company*
- Commencement date: 1 July 2009.
- Base salary, inclusive of superannuation is $100,000 per annum.
- Termination payment is the equivalent of 3 months Director fees.
- Mr Fry's contract and remuneration is reviewed annually.

Mr Alasdair Cooke - *Executive Director, the Company*

- Commencement date: 8 January 2007.
- Base salary, inclusive of superannuation, for the year ended 30 June 2010 was $61,000 (2009: $55,000).
- Termination payment is the equivalent of 1 months Director fees.
- Mr Cooke's contract and remuneration is reviewed annually.

**Directors and executive officers' remuneration**

Details of the remuneration of the Directors, key management personnel of the Group (as defined in AASB 124 *Related Party Disclosures)* and specified executives of the Group are set out in the following tables.

The key management personnel of the Group are the Directors of Energy Ventures Limited and African Energy Resources Limited and the following executives:

| Name | Position | Employer |
|---|---|---|
| Charles Tabeart | Managing Director - AFR | African Energy Resources Limited |
| Lachlan Reynolds | General Manager | Energy Ventures Limited |
| Daniel Davis | Company Secretary | Mitchell River Group Pty Ltd |

**Details of remuneration**

The following tables set out remuneration paid to Directors and key executive personnel of the Company and the consolidated entity during the year.

**Key management personnel of the Group and other executives of the Company and the Group**

| | EVE | | | AFR | | | | |
|---|---|---|---|---|---|---|---|---|
| | Short-term Employee Benefits | Post-employment | | Short-term Employee Benefits | Post-employment | | | |
| **2010** | **Cash salary & fees** | **Super contributions** | **Equity Share based payments** | **Cash salary & fees** | **Super contributions** | **Equity Share based payments** | **Total** | **% Share based payment** |
| **Non-Executive Directors** | | | | | | | | |
| Ian Duncan | 50,000 | - | - | - | - | - | 50,000 | - |
| Michael Curnow | 25,000 | - | 3,221 | 35,000 | - | - | 63,221 | 5% |
| **Total Non-Executives Directors** | **75,000** | **-** | **3,221** | **35,000** | **-** | **-** | **113,221** | |
| | | | | | | | | |
| **Key Management Personnel** | | | | | | | | |
| **Executive Directors** | | | | | | | | |
| Gregory Fry | 112,500 | - | 28,991 | 150,000 | - | 16,719 | 308,210 | 15% |
| Alasdair Cooke | 61,000 | - | - | 100,000 | - | 9,554 | 170,554 | 6% |
| **Other Executives** | | | | | | | | |
| Charles Tabeart | 25,000 | 2,875 | 4,551 | 275,229 | 24,771 | 23,884 | 356,310 | 8% |
| Lachlan Reynolds | 66,162 | 19,550 | 10,800 | 82,988 | - | 4,163 | 183,663 | 8% |
| Daniel Davis | 53,770 | - | 6,648 | 70,318 | - | 10,573 | 141,309 | 12% |
| **Total Key Management Personnel** | **318,432** | **22,425** | **50,990** | **678,535** | **24,771** | **64,893** | **1,160,046** | |

| 2009 | EVE Short-term Employee Benefits Cash salary & fees | EVE Post-employment Super contributions | EVE Equity Share based payments | AFR Short-term Employee Benefits Cash salary & fees | AFR Post-employment Super contributions | AFR Equity Share based payments | Total | % Share based payment |
|---|---|---|---|---|---|---|---|---|
| **Non-Executive Directors** | | | | | | | | |
| Ian Duncan | 50,000 | - | - | 13,505 | - | - | 63,505 | - |
| Michael Curnow | 25,000 | - | - | 35,000 | - | - | 60,000 | - |
| **Total Non-Executives Directors** | **75,000** | **-** | **-** | **48,505** | **-** | **-** | **123,505** | |
| **Key Management Personnel** | | | | | | | | |
| **Executive Directors** | | | | | | | | |
| Alasdair Cooke | 55,000 | - | - | 100,000 | - | - | 155,000 | - |
| Brett Mitchell | 77,917 | - | - | 45,000 | - | - | 122,917 | - |
| **Other Executives** | | | | | | | | |
| Charles Tabeart | 25,000 | 2,875 | - | 275,229 | 24,771 | 26,655 | 354,529 | 8% |
| Gregory Fry | 38,000 | - | - | 150,000 | - | - | 188,000 | - |
| Lachlan Reynolds | 91,999 | 10,249 | 17,376 | 30,666 | 3,416 | - | 153,708 | 11% |
| Daniel Davis | 43,236 | 1,496 | 270 | 76,159 | 2,191 | 11,722 | 135,073 | 9% |
| **Total Key Management Personnel** | **331,152** | **14,620** | **17,645** | **677,055** | **30,378** | **38,376** | **1,109,227** | |

The Company and the Group currently have no performance based remuneration built into Director or executive packages; the total remuneration shown in the table above is fixed.

The options issued to Key Management Personnel during the year are to provide long term incentive to deliver long term shareholder returns.

**Share-based compensation**

Options over shares in Energy Ventures Limited are granted under the EVE Employee Option Plan which was approved by shareholders at the 2007 annual general meeting. The Employee Option Plan is designed to provide long-term incentives for Directors and executives to deliver long-term shareholder returns. Participation in the plan is at the Board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

Vesting of the options is based on the period of service, no incentive options granted to date are based on performance-related vesting conditions. Options are granted under the plan for no consideration.

The terms and conditions of each grant of options affecting remuneration in the previous, this or future reporting periods are as follows:

| Grant date | Date vested and exercisable | Expiry date | Exercise price (cents) | Value per option at grant date (cents) | Vested |
|---|---|---|---|---|---|
| 12-Mar-07 | 18-Apr-07 | 30-Jun-12 | 16 | 11.66 | 100% |
| 12-Mar-07 | 18-Apr-08 | 30-Jun-12 | 16 | 11.66 | 100% |
| 9-Nov-07 | 1-Jan-09 | 30-Jun-12 | 20 | 8.80 | 100% |
| 9-Nov-07 | 1-Jan-10 | 30-Jun-12 | 20 | 9.58 | 100% |
| 29-Oct-08 | 30-Jun-09 | 30-Jun-12 | 5 | 0.36 | 100% |
| 29-Oct-08 | 30-Jun-10 | 30-Jun-12 | 5 | 0.45 | 100% |
| 29-Oct-08 | 29-Oct-08 | 30-Jun-12 | 5 | 0.30 | 100% |
| 1-Oct-09 | 30-Jun-10 | 30-Jun-12 | 5 | 1.71 | 100% |
| 1-Oct-09 | 30-Jun-11 | 30-Jun-12 | 5 | 1.94 | 100% |
| 25-Nov-09 | 30-Jun-10 | 30-Jun-12 | 5 | 2.58 | 50% |
| 25-Nov-09 | 30-Jun-11 | 30-Jun-12 | 5 | 2.83 | 50% |
| 11-May-10 | 30-Jun-10 | 30-Jun-12 | 5 | 0.64 | 50% |
| 11-May-10 | 30-Jun-11 | 30-Jun-12 | 5 | 0.84 | 50% |

Options granted under the employee option plan carry no dividend or voting rights.
No options were granted since the end of the year. The options were provided at no cost to the recipients. No shares were issued during the year ended 30 June 2010 (2009: nil) as a result of exercise of options over ordinary shares.

No terms of equity-settled share-based payment transactions have been altered or modified during the year.

During the year no shares were issued on the exercise of options previously granted as compensation. All options expire on the earlier of their expiry date or on termination of the individual's employment. When exercisable each option is convertible into one ordinary share. The options are exercisable on an annual basis five years from grant date.

| | EVE | | | | AFR | | | |
|---|---|---|---|---|---|---|---|---|
| | Number of options granted during the year | | Number of options vested during the year | | Number of options granted during the year | | Number of options vested during the year | |
| | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 |
| **Non-Executive Directors** | | | | | | | | |
| Ian Duncan | - | - | - | - | - | - | - | - |
| Michael Curnow | 250,000 | - | 125,000 | - | - | - | - | - |
| **Key Management Personnel** | | | | | | | | |
| **Executive Directors** | | | | | | | | |
| Gregory Fry | 2,250,000 | - | 1,125,000 | - | 700,000 | - | 350,000 | - |
| Alasdair Cooke | - | - | - | - | 400,000 | - | 200,000 | - |
| **Other Executives** | | | | | | | | |
| Charles Tabeart | 1,000,000 | - | 500,000 | - | 1,000,000 | - | 500,000 | 591,847 |
| Lachlan Reynolds | 1,000,000 | 1,000,000 | 1,250,000 | 750,000 | 250,000 | - | 125,000 | - |
| Daniel Davis | 750,000 | 100,000 | 475,000 | 100,000 | 250,000 | - | 225,000 | 100,000 |
| | 5,250,000 | 1,100,000 | 3,475,000 | 850,000 | 2,600,000 | - | 1,400,000 | 691,847 |

### Additional information

Details of vesting profile of the options granted as remuneration to each Director of the Company and each named Company executive and relevant group executives is detailed below.

| | Number Granted | Year Granted | % Vested in year | Forfeited in year (A) | Financial years in which grant vests | Value yet to vest $ |
|---|---|---|---|---|---|---|
| Alasdair Cooke | 1,000,000 | 2007 | 50% | - | 2008 | - |
| Michael Curnow | 750,000 | 2007 | 50% | - | 2008 | - |
| Charles Tabeart | 1,000,000 | 2007 | 50% | - | 2008 | - |
| Gregory Fry | 1,000,000 | 2007 | 50% | - | 2008 | - |
| Lachlan Reynolds | 500,000 | 2008 | 50% | - | 2010 | - |
| Lachlan Reynolds | 1,000,000 | 2009 | 50% | - | 2010 | - |
| Daniel Davis | 100,000 | 2009 | 50% | - | 2010 | - |
| Gregory Fry | 2,250,000 | 2010 | 50% | - | 2011 | 31,826 |
| Michael Curnow | 250,000 | 2010 | 50% | - | 2011 | 3,536 |
| Charles Tabeart | 1,000,000 | 2010 | 50% | - | 2011 | 5,565 |
| Lachlan Reynolds | 1,000,000 | 2010 | 50% | - | 2011 | 9,676 |
| Daniel Davis | 750,000 | 2010 | 50% | - | 2011 | 7,257 |

(A) The % forfeited represents the reduction from the maximum number of options available to vest due to the highest level performance criteria not being achieved.

(B) The minimum value of options yet to vest is $nil as the performance criteria may not be met and consequently the option may not vest.

(C) The maximum value of options yet to vest is not determinable as it depends on the market price of shares of the Company on the Australian Stock Exchange at the date the option is exercised.

Further details relating to options are set out below:

| | (A) 2010 Remuneration consisting of options | (B) Value at grant date | (C) Value at exercise date | (D) Value at lapse date |
|---|---|---|---|---|
| **Name** | **%** | **AUD** | **AUD** | **AUD** |
| Ian Duncan | - | - | - | - |
| Michael Curnow | 11% | 6,757 | - | - |
| Gregory Fry | 20% | 32,527 | - | - |
| Alasdair Cooke | - | - | - | - |
| Charles Tabeart | 14% | 10,117 | - | - |
| Lachlan Reynolds | 11% | 18,242 | - | - |
| Daniel Davis | 11% | 13,681 | - | - |

(A) The percentage of the value of remuneration consisting of options, based on the value of options expensed during the current year.

(B) The value at grant date calculated in accordance with AASB 2 Share-based Payment of options granted during the year as part of remuneration.

(C) The value at exercise date of options that were granted as part of remuneration and were exercised during the year, being the intrinsic value of the options at that date.

(D) The value at lapse date of options that were granted as part of remuneration and that lapsed during the year because a vesting condition was not satisfied. The value is determined at the time of lapsing, but assuming the condition was satisfied.

(E) The Board does not permit any option holder from hedging against variances in share price.

This is the end of the Audited remuneration report

## 4. Principal Activities

The principal activity of the Company during the financial year was to hold various investments with a view to add value and eventually realise these for a profit.

There were no significant changes in the nature of the Company's principal activities during the financial year.

## 5. Operating Results

The operating loss of the Group attributable to equity holders of the Company for the financial year ended 30 June 2010 amounted to $3,387,492 (2009: $3,599,597).

## 6. Loss per Share

The basic loss per share for the Group for the year was 1.5 (2009: 1.6) cents per share.

## 7. Dividends Paid or Recommended

The Directors do not recommend the payment of a dividend and no amount has been paid or declared by way of a dividend to the date of this report.

## 8. Events Subsequent to Balance Date

On 8 July, Energy Ventures announced that it had completed the acquisition of the Aurora uranium deposit in Oregon, USA for a cash consideration of USD 2 million from Uranium One Incorporated (TSX:UUU). The claims are held by Oregon Energy LLC, a 100% owned subsidiary of Energy Ventures.

On 16 August, Energy Ventures announced that it has completed pegging of 37 new federal lode claims in northwest Nevada, USA. The claims, which together comprise a total of approximately 740 hectares, cover the historical uranium prospect known as Virgin Valley. The claims are held by Oregon Energy LLC, a 100% owned subsidiary of Energy Ventures.

On 26 August, Energy Ventures completed a shortfall placement of 33,695,501 shares at 3.5 cents per share, raising $1,179,342 before costs. Funds raised will be used to advance exploration on the Aurora uranium deposit and Virgin Valley uranium projects.

Other than the abovementioned events, there are no matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years other than disclosed in the Directors' report.

## 9. Future Developments

The Group will continue to review its current investment portfolio and new investment opportunities in order to maximise shareholder returns through appropriate strategic investment decisions.

## 10. Significant Changes in State of Affairs

In the opinion of the Directors, other than stated under Review of Operations, and Events Subsequent to Balance Date, there were no significant changes in the state of affairs of the Group that occurred during the financial year under review and subsequent to the financial year end.

## 11. Environmental Issues

The Group's operations are not subject to any significant environmental regulations under either Commonwealth or State legislation. However the Board believes there are adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply.

The Group is not subject to the reporting requirements of both the Energy Efficiency Opportunities Act 2006 and the National Greenhouse and Energy Reporting Act 2007.

## 12. Directors and Executive Interests

As at the date of this report, the interests of the Directors and Executives in the shares and options of Energy Ventures Limited ("the Company") were:

| | Shares | Options | | |
|---|---|---|---|---|
| | | 5 cents | 16 cents | 20 cents |
| Ian Duncan | 625,000 | - | 850,000 | - |
| Michael Curnow | 838,125 | 250,000 | 750,000 | - |
| Gregory Fry | 6,828,006 | 2,250,000 | 1,000,000 | - |
| Alasdair Cooke | 57,069,390 | - | 1,000,000 | - |
| Charles Tabeart | 325,000 | 1,000,000 | 1,000,000 | - |
| Lachlan Reynolds | 325,000 | 2,000,000 | - | 500,000 |
| Daniel Davis | 350,000 | 850,000 | - | - |
| **Total** | 66,360,521 | 6,350,000 | 4,600,000 | 500,000 |

## 13. Share Options

***Unissued shares under options***

As at the date of this report, there were 14,825,000 unlisted incentive options on issue detailed as follows:

| Number of Options | Exercise Price cents | Expiry Date |
|---|---|---|
| 6,300,000 | 16 | 30 June 2012 |
| 1,000,000 | 20 | 30 June 2012 |
| 7,525,000 | 5 | 30 June 2012 |

Option holders do not have any right, by virtue of the option, to participate in any share issue of the Group.

***Shares issued on exercise of options***

No options were converted to shares during the year.

## 14. Non-Audit Services

During the year, there were no non-audit services provided by BDO Audit (WA) Pty Ltd.

## 15. Lead Auditors Independence Declaration under Section 307c of the Corporations Act 2001

The lead auditor's independence declaration is set out on page 18 and forms part of the Directors' Report for the year ended 30 June 2010.

## 16. Indemnifying Officers

Since the end of the previous financial year the Group has paid insurance premiums of $30,307 in respect of Directors' and officers' liability and legal expenses' insurance contracts, for current Directors and Executives of the Group. The premiums were paid in respect of the following officers on the Group: Ian Duncan, Michael Curnow, Alasdair Cooke, Charles Tabeart, Gregory Fry, Lachlan Reynolds and Daniel Davis.

*On behalf of the Board of*
*Energy Ventures Limited*

Dated at Perth this 31 day of August 2010.
Signed in accordance with a resolution of the Directors.

Gregory William Fry
*Executive Director*

**ENERGY VENTURES AND ITS CONTROLLED ENTITIES**

The Directors of the company declare that:

1 The financial statements, comprising the Statements of Comprehensive Income, Statements of Financial Position, Statements of Cash Flow, Statements of Changes in Equity and accompanying notes, are in accordance with the Corporations Act 2001; and

(a) comply with Accounting Standards and the Corporations Regulations 2001; and

(b) give a true and fair view of the financial position as at 30 June 2010 and of the performance for the year ended on that date of the consolidated entity.

2 In the Directors opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

3 In the Directors opinion, the financial statements and notes are prepared in compliance with International Financial Reporting Standards and interpretations adopted by the International Accounting Standards Board, as described in Note 2(a).

4 The remuneration disclosures set out on pages 8 to 13 of the Directors' report (as part of the audited Remuneration Report) comply with section 300A of the Corporations Act 2001.

5 The Directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the Corporations Act 2001.

This declaration is made in accordance with a resolution of the Board of Directors and is signed on behalf of the Directors by:

Gregory William Fry
*Executive Director*

Perth
31 August 2010

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Fax: +8 6382 4601
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38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

31 August 2010

The Board of Directors
Energy Ventures Limited
Level 1, 8 Collin Street
West Perth, WA, 6005

Dear Sirs

**DECLARATION OF INDEPENDENCE BY PETER TOLL TO THE DIRECTORS OF ENERGY VENTURES LIMITED**

As lead auditor of Energy Ventures Limited for the year ended 30 June 2010, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Energy Ventures Limited and the entities it controlled during the period.

**Peter Toll**
Director

BDO

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Perth, Western Australia

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Australia



**INDEPENDENT AUDITOR'S REPORT**
**TO THE MEMBERS OF ENERGY VENTURES LIMITED**

## Report on the Financial Report

We have audited the accompanying financial report of Energy Ventures Limited, which comprises the statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the Directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

## Directors' Responsibility for the Financial Report

The Directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 2(a), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements,* that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

## Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001* would be in the same terms if it had been given to the directors at the time that this auditor's report was made.

BDO

**Auditor’s Opinion**

In our opinion:

(a) the financial report of Energy Ventures Limited is in accordance with the *Corporations Act 2001*, including:

   (i) giving a true and fair view of the consolidated entity’s financial position as at 30 June 2010 and of its performance for the year ended on that date; and

   (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

(b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2(a).

**Material Uncertainty Regarding Continuation as a Going Concern**

Without qualifying our opinion, we draw attention to Note 2(d) in the financial report which indicates that the company incurred a net loss of $6,769,539 during the year ended 30 June 2010. This condition, along with other matters as set forth in the notes indicate the existence of a material uncertainty which may cast significant doubt about the consolidated entity’s ability to continue as a going concern and as such realise its assets and liabilities in the normal course of business and at the amounts stated in the financial report.

**Report on the Remuneration Report**

We have audited the Remuneration Report included in the directors’ report for the year ended 30 June 2010. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001.* Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

**Auditor’s Opinion**

In our opinion, the Remuneration Report of Energy Ventures Limited for the year ended 30 June 2010, complies with section 300A of the *Corporations Act 2001.*

**BDO Audit (WA) Pty Ltd**

BDO

**Peter Toll**
Director

Signed in Perth, Western Australia
Dated this the 31st day of August 2010.

| | Note | 30-Jun-10 AUD | 30-Jun-09 AUD |
|---|---|---|---|
| Revenue from continuing operations | *7(a)* | 333,758 | 415,191 |
| Other income | *7(b)* | 48,653 | 34,975 |
| Professional fees | *8* | (245,025) | (283,846) |
| Employee benefit expense | *9* | (1,389,262) | (1,886,652) |
| Share-based payments | *9* | (277,210) | (76,277) |
| Impairment of Investment in Associate | *16(a)* | 271,028 | (498,298) |
| Impairment Exploration Expenditure | *18* | (4,252,238) | (874,306) |
| Impairment of loan | | (12,866) | - |
| Loss on sale of Investment | | - | (407,000) |
| Other expenses | *10* | (1,111,444) | (1,211,219) |
| Foreign currency gain (loss) | *11* | (68,933) | 115,848 |
| Share of losses in associates | *16* | (66,000) | (100,000) |
| **Loss before income tax** | | (6,769,539) | (4,771,584) |
| Income tax benefit | *12* | - | - |
| **Loss for the year** | | (6,769,539) | (4,771,584) |
| | | | |
| **Loss is Attributable to:** | | | |
| Equity holders of the Company | | (3,387,492) | (3,599,597) |
| Non-controlling interest | | (3,382,047) | (1,171,987) |
| **Loss for the year** | | (6,769,539) | (4,771,584) |
| | | | |
| **Other comprehensive income** | | | |
| Foreign currency translation reserve | | (1,535,172) | 1,835,127 |
| **Total comprehensive income for the year** | | (8,304,711) | (2,936,457) |
| | | | |
| **Attributable to:** | | | |
| Equity holders of the Company | | (4,553,068) | (1,764,470) |
| Non-controlling interest | | (3,751,643) | (1,171,987) |
| **Total comprehensive income for the year** | | (8,304,711) | (2,936,457) |
| | | | |
| **Loss per share for loss attributable to the ordinary equity holders of the Company:** | | | |
| Basic loss per share (cents per share) | *13* | (1.5) | (1.6) |
| Diluted loss per share (cents per share) | *13* | (1.5) | (1.6) |

*The Statements of Comprehensive Income are to be read in conjunction with the accompanying notes*

| | Note | 30-Jun-10 AUD | 30-Jun-09 AUD |
|---|---|---|---|
| **Assets** | | | |
| *Current Assets* | | | |
| Cash and cash equivalents | *14* | 6,682,751 | 1,660,096 |
| Receivables | *15* | 443,648 | 945,842 |
| **Total current assets** | | 7,126,399 | 2,605,938 |
| *Non-current Assets* | | | |
| Investments in associates | *16* | 588,241 | 364,794 |
| Property, plant and equipment | *17* | 720,424 | 765,763 |
| Exploration and evaluation expenditure | *18* | 17,945,904 | 19,596,871 |
| **Total non-current assets** | | 19,254,569 | 20,727,428 |
| **Total assets** | | 26,380,968 | 23,333,366 |
| **Liabilities** | | | |
| *Current Liabilities* | | | |
| Trade and other payables | *19* | 1,232,366 | 399,393 |
| **Total current liabilities** | | 1,232,366 | 399,393 |
| **Total liabilities** | | 1,232,366 | 399,393 |
| **Net assets** | | 25,148,602 | 22,933,973 |
| **Equity** | | | |
| Issued capital | *20* | 12,472,042 | 10,053,507 |
| Reserves | *21* | 13,031,352 | 14,759,705 |
| Accumulated losses | | (13,286,070) | (9,898,578) |
| **Total equity attributable to shareholders of the Company** | | 12,217,324 | 14,914,633 |
| **Non-Controlling Interest** | | 12,931,278 | 8,019,340 |
| **Total equity** | | 25,148,602 | 22,933,973 |

*The Statements of Financial Position are to be read in conjunction with the accompanying notes*

# Statements of Change in Equity
for the year ended 30 June 2010

Energy Ventures Limited

| | Issued capital AUD | Accumulated losses AUD | Asset reserves AUD | Foreign currency translation reserve AUD | Share-based payments AUD | Attributable to members of parent company AUD | Non-Controlling interest AUD | Total AUD |
|---|---|---|---|---|---|---|---|---|
| **Total equity at 1 July 2009** | 10,053,507 | (9,898,579) | 11,424,691 | (16,171) | 3,351,184 | 14,914,632 | 8,019,340 | 22,933,972 |
| Loss for the period | - | (3,387,491) | - | - | - | (3,387,491) | (3,382,049) | (6,769,540) |
| Foreign currency translation | - | - | - | (1,165,577) | | (1,165,577) | (369,594) | (1,535,171) |
| **Total comprehensive income for the period** | - | (3,387,491) | - | (1,165,577) | - | (4,553,068) | (3,751,643) | (8,304,711) |
| **Transactions with owners in their capacity as owners:** | | | | | | | | |
| Gain (loss) on dilution of interest in subsidiary | - | - | (839,985) | - | - | (839,985) | 8,663,581 | 7,823,596 |
| Share issue net of issue costs | 2,418,535 | - | - | - | - | 2,418,535 | - | 2,418,535 |
| Share based payments | - | - | - | - | 277,210 | 277,210 | - | 277,210 |
| | 2,418,535 | - | (839,985) | - | 277,210 | 1,855,760 | 8,663,581 | 10,519,341 |
| **Total equity at 30 June 2010** | **12,472,042** | **(13,286,070)** | **10,584,706** | **(1,181,748)** | **3,628,393** | **12,217,324** | **12,931,278** | **25,148,602** |
| | | | | | | | | |
| **Total equity at 1 July 2008** | 10,053,507 | (6,298,981) | 11,269,133 | (1,851,298) | 3,274,907 | 16,447,268 | 9,191,329 | 25,638,597 |
| Loss for the period | - | (3,599,597) | - | - | - | (3,599,597) | (1,171,989) | (4,771,586) |
| Foreign currency translation | - | - | | 1,835,127 | - | 1,835,127 | | 1,835,127 |
| **Total comprehensive income for the period** | - | (3,599,597) | - | 1,835,127 | - | (1,764,470) | (1,171,989) | (2,936,459) |
| **Transactions with owners in their capacity as owners:** | | | | | | | | |
| Gain (loss) on dilution of interest in subsidiary | - | - | 155,558 | - | - | 155,558 | - | 155,558 |
| Share based payments | - | - | - | - | 76,277 | 76,277 | - | 76,277 |
| | - | - | 155,558 | - | 76,277 | 231,835 | - | 231,835 |
| **Total equity at 30 June 2009** | **10,053,507** | **(9,898,579)** | **11,424,691** | **(16,171)** | **3,351,184** | **14,914,632** | **8,019,340** | **22,933,972** |

*The statements of changes in equity are to be read in conjunction with the accompanying notes*

| | Note | 30-Jun-10 AUD | 30-Jun-09 AUD |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Cash paid to suppliers and employees | | (2,493,810) | (3,046,196) |
| Interest received | | 236,988 | 140,598 |
| **Net cash used in operating activities** | *23* | (2,256,822) | (2,905,598) |
| | | | |
| **Cash flows from investing activities** | | | |
| Acquisition of property, plant and equipment | | (32,971) | (282,921) |
| Payment for exploration and evaluation expenditure | | (3,505,324) | (4,310,269) |
| Interest earning loans repaid | | 531,902 | 192,135 |
| Loans to other entities | | - | (125,927) |
| Proceeds from sale of unlisted investment | | - | 518,000 |
| **Net cash provided by/(used in) investing activities** | | (3,006,393) | (4,008,982) |
| | | | |
| **Cash flows from financing activities** | | | |
| Proceeds from the issue of share capital | | 2,658,959 | - |
| Payment for share issuance costs | | (92,216) | - |
| Loans (to) repaid by related parties | | 81,748 | (55,636) |
| Funds raised through issue of shares in a subsidiary | | 7,714,067 | - |
| **Net cash provided by financing activities** | | 10,362,558 | (55,636) |
| | | | |
| **Net increase in cash and cash equivalents** | | 5,099,342 | (6,970,216) |
| | | | |
| **Cash and cash equivalents at 1 July** | | 1,660,097 | 8,618,915 |
| Effect of exchange rates on cash holdings in foreign currencies | | (76,688) | 11,398 |
| **Cash and cash equivalents at 30 June** | *14* | 6,682,751 | 1,660,097 |

*The statements of cash flow are to be read in conjunction with the accompanying notes*

## 1. Reporting entity

Energy Ventures Limited (the "Company") is a company domiciled in Australia. The consolidated financial report of the Company for the financial year ended 30 June 2010 comprises the Company and its subsidiaries (together referred to as the "Group").

The consolidated financial report was authorised for issue by the Directors on 31 August 2010.

## 2. Basis of preparation

### (a) Statement of Compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards ('AASBs') (including Australian Interpretations) adopted by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001. The financial report of the consolidated entity also complies with IFRSs and interpretations adopted by the International Accounting Standards Board.

Separate financial statements for Energy Ventures Limited, as an individual entity, are no longer presented as a consequence of a change to the Corporations Act 2001. Financial information for Energy Ventures Limited as an individual entity is included in note 27.

The Group has applied revised AASB 101 Presentation of Financial Statements which became effective on 1 January 2009. The revised standard requires the separate presentation of the statement of comprehensive income and a statement of changes in equity. All non-owner changes in equity must now be presented in the statement of comprehensive income. As a consequence, the group had to change the presentation of its financial statements. Comprehensive information has been re-presented so that it is also in conformity with the revised standard.

### (b) Basis of measurement

The financial report is prepared on the historical cost basis.

### (c) Functional and presentation currency

These consolidated financial statements are presented in Australian dollars which is the Company's functional currency. The functional currency of the Company's subsidiary is US dollars.

### (d) Going concern

The financial report has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

During the year the consolidated entity incurred a net loss for the year of $6,769,539 and received net cash inflows from operating and financing activities of $8,105,735.

The ability of the consolidated entity to continue as a going concern is dependent on the consolidated entity being able to raise additional funds as required to meet ongoing exploration commitments and for working capital. The Directors believe that they will be able to raise additional capital as required and are in the process of evaluating the consolidated entity's cash requirements. The Directors believe that the consolidated entity will continue as a going concern. As a result the financial report has been prepared on a going concern basis. However should the consolidated entity be unsuccessful in undertaking additional raisings the consolidated entity may not be able to continue as a going concern. No adjustments have been made relating to the recoverability and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern.

### (e) Use of estimates and judgments

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. These accounting policies have been consistently applied by each entity in the consolidated entity.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- Note 25 – Share-based payment arrangements - The Group measures the cost of equity settled share based payments at fair value at the grant date using the Black-Scholes model taking into account the exercise price, the term of the option, the impact of dilution, the share price at grant date, the expected volatility of the underlying share, the expected dividend yield and risk free interest rate for the term of the option.
- Note 18 – Exploration & evaluation expenditure - The Group's accounting policy for exploration and evaluation is set out in note 3(m). If, after having capitalised expenditure under this policy, the Directors conclude that the Group is unlikely to recover the expenditure by future exploration or sale, then the relevant capitalised amount will be written off to the Statement of Comprehensive Income.

**(f) Financial statement presentation**

The group has applied the revised AASB 101 *Presentation of financial Statements* which became effective on 1 January 2009. The revised standard requires the separate presentation of a statement of comprehensive income and a statement of changes in equity. All non-owner changes in equity must now be presented in a statement of comprehensive income. As a consequence, the Group had to change the presentation of its financial statements. Comparative information has been re-presented so that it is also in conformity with the revised standard.

## 3. Significant accounting policies

### (a) Basis of consolidation

*(i) Subsidiaries*

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Energy Ventures Limited ("company" or "parent company") as at 30 June 2010 and the results of all subsidiaries for the year then ended. Energy Ventures Limited and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

Subsidiaries are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to shareholders of Energy Ventures.

When the group ceases to have control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, jointly controlled entity or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a jointly-controlled entity or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income are reclassified to profit or loss where appropriate.

*(ii)* *Transactions eliminated on consolidation*
Intragroup balances, and any unrealised gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements.

*(iii)* *Associates (equity accounted investees)*
Associates are all entities over which the group has significant influence but not control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for in the parent entity financial statements using the cost method and in the consolidated financial statements using the equity method of accounting, after initially being recognized at cost. The group's investment in associates includes goodwill (net of any accumulated impairments loss) identified on the acquisition.

The group's share of its associates post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in reserves is recognized in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

The group has changed its accounting policy for transactions with non-controlling interests and accounting for the loss of control, joint control or significant influence from 1 July 2009 when a revised AASB 127 Consolidated and Separate Financial Statements was introduced. The revisions to AASB 127 contained consequential amendments to AASB 128 Investments in Associates and AASB 131 Interests in Joint Ventures.

Previously transactions with non-controlling interests were treated as transactions with parties external to the group. Disposals therefore resulted in gains or losses in profit or loss and purchases resulted in the recognition of goodwill. On disposal or partial disposal, a proportionate interest in reserves attributable to the subsidiary was reclassified to profit or loss or directly to retained earnings.

Previously when the group ceased to have control, joint control or significant influence over an entity, the carrying amount of the investment at the date control, joint control or significant influence ceased became its cost for the purposes of subsequently accounting for the retained interests as associates, jointly controlled entity or financial assets.

The group has applied the new policy prospectively to transactions occurring on or after 1 July 2009. As a consequence, no adjustments were necessary to any of the amounts previously recognized in the financial statements.

**(b) Business Combinations**

A revised AASB 3 Business Combinations became operative on 1 July 2009. While the revised standard continues to apply the acquisition method to business combinations, there have been some significant changes, however these changes have no impact on the Company's financial report.

The acquisition method of accounting is used to account for all business combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquire and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the group's share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

**(c) Segment reporting**

The group has adopted AASB 8 Operating Segments from 1 July 2009. AASB 8 replaces AAB 114 Segment Reporting. The new standards require a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. This has resulted in a decrease in the number of reportable segments presented. In addition, the segments are reported in a manner that is consistent with the internal reporting provided to the chief operating decision maker.

**(d) Foreign currency translation**

*(i) Functional and presentation currency*

Items included in the financial statements of each of the Group entities are measured using the Company's functional currency ("the functional currency"). The consolidated financial statements are presented in Australian dollars, which is the Company's functional and presentation currency.

*(ii) Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Monetary assets and liabilities denominated in the foreign currencies at the Statement of Financial Position date are translated to Australian dollars at the foreign exchange ruling at that date. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction.

Foreign exchange differences arising on the translation of monetary items are recognised in the Statement of Comprehensive Income.

*(iii) Group Companies*

The functional currency of foreign operations is US Dollars which is different to the Group's presentation currency.

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- Assets and liabilities are translated at exchange rates prevailing at the reporting date; and
- Income and expenses are translated at the exchange rates prevailing at the date of transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the Statement of Financial Position. These differences are recognised in the Statement of Comprehensive Income in the period the operation is disposed.

**(e) Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

*Interest* - Control of the right to receive the interest payment must exist.
*Management fees* – The right of the Company to receive the management fee must exist.

**(f) Income tax**

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changed in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determines using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognized for deductible temporary differences and unused tax losses only if it is probably that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred tax liabilities and assets are not recognized for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances related to the same taxation authority. Current tax assets and tax liabilities are offset when the entity has a legally enforceable right to offset and intends either to settle on a new basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity, respectively.

**(g) Impairment of assets**

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Group makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount. Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

**(h) Contributed equity**

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

If the entity reacquires its own equity instruments, e.g. as a result of a share buy-back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the profit or loss and the consideration paid including any directly attributable incremental costs (net of income taxes) is recognised directly in equity.

**(i) Cash and cash equivalents**

Cash on hand and in banks and short-term deposits are stated at nominal value.

For the purposes of the Cash Flow Statement, cash includes cash on hand and in banks, and money market investments readily convertible to cash within 2 working days, net of any outstanding bank overdrafts.

**(j) Trade and other receivables**

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 30 days.

**(k) Financial assets**

The Group classifies its investments in the following categories: financial assets at cost and loans and receivables. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date.

*(i) Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the Statement of Financial Position date which are classified as non-current assets. Loans and receivables are included in receivables in the Statement of Financial Position.

*(ii) Impairment*
*The Group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is to be impaired.*

*(iii) Subsequent measurement*
*Loans and receivables are carried at amortised cost using the effective interest method.*

*Details on how the fair value of financial instruments is determined are disclosed in note 5.*

**(l) Property, plant and equipment**

Items of property, plant and equipment are stated at cost or deemed cost less accumulated depreciation and impairment losses.

With the exception of mining property and development assets, depreciation is charged to the Statement of Comprehensive Income on a diminishing value basis over the estimated useful lives of each part of an item of property, plant and equipment.

The estimated useful lives in the current and comparative periods are as follows:

| | |
|---|---|
| Plant and equipment | 3-10 years |

**(m) Exploration and evaluation costs**

Exploration and evaluation costs, including the costs of acquiring licences, are capitalised as exploration and evaluation assets on an area of interest basis. Costs incurred before the entities of the Group have obtained the legal rights to explore an area are recognised in the Statement of Comprehensive Income.

Exploration and evaluation assets are only recognised if the rights of the area of interest are current and either:

(i) the expenditures are expected to be recouped through successful development and exploitation of the area of interest; or
(ii) activities in the area of interest have not at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount (see impairment accounting policy (g)). For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. The cash generating unit shall not be larger than the area of interest.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified from intangible assets to mining property and development assets within property, plant and equipment.

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted for on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

**(n) Trade and other payables**

Liabilities for trade creditors and other amounts are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Group.

**(o) Dividends**

Dividends are recognised as a liability in the period in which they are declared.

**(p) Employee benefits**

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs.

Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

**(q) Provisions**

Provisions are recognised when the Group has a legal, equitable or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of past transactions or other past events, it is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the obligation.

**(r) Earnings per share**

*(i) Basic earnings per share*

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company, excluding any costs of servicing equity other than ordinary shares, by weighted average number of ordinary shares outstanding during the financial year, adjusted for the bonus elements in ordinary shares issued during the year.

*(ii) Diluted earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

*(iii) Issued capital*

Ordinary share capital is recognised at the fair value of the consideration received. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

*(iv) Share-based payments*

Equity-settled share-based payments granted after 7 November 2002 that were unvested as of 1 January 2005, are measured at fair value at the date of grant. Fair value is measured by use of a Black-Scholes option pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the consolidated entity's estimate of shares that will eventually vest.

For cash-settled share-based payments, a liability equal to the portion of the goods or services received is recognised at the current fair value determined at each reporting date.

**(s) Goods and services tax**

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

**(t) Comparative figures**

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

**(u) New standards and interpretations not yet adopted**

Australian Accounting Standards and Interpretations that have been recently issued or amended but are not yet effective have not been adopted by the Group for the annual reporting period ended 30 June 2010. These are outlined in the table below:

**STANDARDS LIKELY TO HAVE A FINANCIAL IMPACT**

| AASB reference | Title and Affected Standard(s): | Nature of Change | Application date: | Impact on Initial Application |
|---|---|---|---|---|
| AASB 2009-8 (issued July 2009) | Amendments to Australian Accounting Standards – Group Cash-settled Share-based Payment Transactions | Clarifies the scope and accounting for group cash-settled share-based payment transactions in the individual financial statements of an entity receiving the goods/services when that entity has no obligation to settle the share-based payment transaction. Supersedes Interpretation 8 Scope of AASB 2 and Interpretation 11 AASB 2 – Group and Treasury Share Transactions. | Periods beginning on or after 1 January 2010 | There will be no impact as there are no share-based payment transactions where the entity receives goods or services with no corresponding obligation to settle the share-based payment transaction. |
| AASB 9 (issued December 2009) | Financial Instruments | Amends the requirements for classification and measurement of financial assets | Periods beginning on or after 1 January 2013 | Due to the recent release of these amendments and that adoption is only mandatory for the 30 June 2014 year end, the entity has not yet made an assessment of the impact of these amendments. |

| | | | | |
|---|---|---|---|---|
| AASB Interpretation 19 (issued December 2009) | Extinguishing Financial Liabilities with Equity Instruments | Equity instruments issued to a creditor to extinguish all or part of a financial liability are 'consideration paid' to be recognised at the fair value of the equity instruments issued, unless their fair value cannot be measured reliably, in which case they are measured at the fair value of the debt extinguished. Any difference between the carrying amount of the financial liability extinguished and the 'consideration paid' is recognised in profit or loss. | Periods beginning on or after 1 July 2010 | There will be no impact as the entity has not undertaken any debt for equity swaps. |

**STANDARDS LIKELY TO HAVE A DISCLOSURE IMPACT ONLY**

| AASB reference | Title and Affected Standard(s): | Nature of Change | Application date: | Impact on Initial Application |
|---|---|---|---|---|
| AASB 124 (issued December 2009) | Related Party Disclosures | Simplifies disclosure requirements for government-related entities and clarifies the definition of a related party. | Annual reporting periods commencing on or after 1 January 2011. | No impact |
| AASB 107 | Statement of Cash Flows | Clarifies that only expenditures that result in a recognised asset in the statement of financial position are eligible for classification as cash flows from investing activities. | Periods commencing on or after 1 January 2010 | Initial adoption of this amendment will have no impact as the entity only recognises cash flows from investing activities for expenditures that result in a recognised asset in the statement of financial position. |
| AASB 136 | Impairment of Assets | Clarifies that CGUs to which goodwill is allocated cannot be larger than an operating segment as defined in AASB 8 *Operating Segments* before aggregation. | Periods commencing on or after 1 January 2010 | There will be no impact as these requirements are only required to be applied prospectively to goodwill impairment calculations for periods commencing on or after 1 July 2010. |

## 4. Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed.

Risk management is carried out by a central treasury department (Group Treasury) under policies approved by the Board of Directors. Group Treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units.

### (a) Market risk

*(i) Foreign currency risk*

The Consolidated entity operates internationally and are exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis (see table below) and cash flow forecasting.

The group's risk management policy is to form a natural hedge to foreign exchange fluctuations by holding funds in the currency the costs are forecast to be expended in.

(ii) *Price risk*
The Group is not exposed to equity securities price risk because investments held by the Group and classified on the consolidated Statement of Financial Position at not carried at market value.

(iii) *Interest rate risk*
The Group's exposure to interest rate risk and the effective weighted average interest rate for classes of financial assets and liabilities is set out below:

| | 2010 Weighted average interest rate | 2010 Balance AUD | 2009 Weighted average interest rate | 2009 Balance AUD |
|---|---|---|---|---|
| *Floating interest rate:* | | | | |
| Cash and cash equivalents | 5.60% | 5,116,956 | 4.00% | 1,054,011 |
| *Fixed interest rate:* | | | | |
| Term deposits | 6.05% | 1,565,794 | 3.61% | 606,085 |
| Interest earning loan receivable | - | - | - | - |
| | | 6,682,751 | | 1,660,096 |

The Group has significant interest-bearing assets; however a percentage change in interest rates would not have a material impact on the results. Group sensitivity to movement in interest rates is shown in the summarised sensitivity analysis table below.

***Summarised sensitivity analysis***

| | | Interest rate risk | | | | Foreign exchange risk | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | - 80 bps | | + 80 bps | | -10% | | 10% | |
| | Carrying amount | Profit AUD | Equity AUD | Profit AUD | Equity AUD | Profit AUD | Equity AUD | Profit AUD | Equity AUD |
| **30 June 2010** | | | | | | | | | |
| **Financial assets** | | | | | | | | | |
| Cash and cash equivalents | 6,682,751 | 53,462 | - | (53,462) | - | - | 466,032 | - | (466,032) |
| Trade and other receivables | 411,047 | - | - | - | - | - | 32,519 | - | (32,519) |
| **Financial liabilities** | | | | | | | | | |
| Trade and other payables | 1,232,366 | - | - | - | - | - | 89,108 | - | (89,108) |

| | | Interest rate risk | | | | Foreign exchange risk | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | - 80 bps | | + 80 bps | | -10% | | 10% | |
| | Carrying amount | Profit AUD | Equity AUD | Profit AUD | Equity AUD | Profit AUD | Equity AUD | Profit AUD | Equity AUD |
| **30 June 2009** | | | | | | | | | |
| **Financial assets** | | | | | | | | | |
| Cash and cash equivalents | 1,660,096 | 13,281 | - | (13,281) | - | - | 27,050 | - | (27,050) |
| Trade and other receivables | 945,842 | - | - | - | - | - | 73,468 | - | (73,468) |
| **Financial liabilities** | | | | | | | | | |
| Trade and other payables | 399,393 | - | - | - | - | - | 7,523 | - | (7,523) |

Interest rate volatility was chosen to reflect expected short term fluctuations in market interest rates.

Foreign exchange volatility was chosen to reflect expected short term fluctuations in the Group's major operational currencies.

**(b) Credit risk**

The carrying amount of cash and cash equivalents, trade and other receivables (excluding prepayments), represent the Group's maximum exposure to credit risk in relation to financial assets.

Cash and short term liquid investment are placed with reputable banks, so no significant credit risk is expected.

The Group does not have any material exposure to any single debtor or group of debtors, so no significant credit risk is expected.

**(c) Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Due to the dynamic nature of the underlying businesses, Group Treasury aims at maintaining flexibility in funding by keeping committed credit lines available with a variety of counterparties. Surplus funds are only invested in instruments that are tradeable in highly liquid markets.

The table below analyses the Group's financial liabilities into relevant maturity groupings. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

**Contractual maturities of financial liabilities**

| | Less than 6 months | 6 - 12 months | Total contractual cash flows |
|---|---|---|---|
| **2010** | | | |
| Trade Payables | 1,232,366 | - | 1,232,366 |
| | 1,232,366 | - | 1,232,366 |
| **2009** | | | |
| Trade Payables | 399,393 | - | 399,393 |
| | 399,393 | - | 399,393 |

**(d) Fair value estimation**

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Group is the current bid price.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

**5. Determination of fair values**

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

**(a) Trade and other receivables**

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

**(b) Share-based payment transactions**

The fair value of employee stock options is measured using a Black-Scholes option pricing model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

**6. Segment information**

Segment information is presented in respect of the Group's business segments, based on the Group's management and internal reporting structure. The Company's Board receives segment information across four reportable business segments. These are Exploration in Sweden, Africa and USA and Investment. The chief decision maker of the Group is Executive Director Bill Fry.

| **For the year ended 30 June 2010** | **Mineral Exploration** | | | **Investment** | **Consolidated** |
|---|---|---|---|---|---|
| | **Africa** | **Sweden** | **USA** | | |
| Total segment revenue | - | 48,653 | - | 333,758 | 382,411 |
| Profit (loss) before income tax | (1,979,943) | (4,377,644) | - | (411,951) | (6,769,539) |
| **Segment Assets** | | | | | |
| Investments in associates | - | - | - | 588,241 | 588,241 |
| Property, plant and equipment | 692,787 | 20,670 | - | 6,967 | 720,424 |
| Exploration and evaluation expenditure | 16,418,242 | 409,653 | 1,118,009 | (0) | 17,945,904 |
| Other | 4,916,887 | (378,583) | - | 2,588,095 | 7,126,399 |
| **Total Segment Assets** | **22,027,916** | **51,740** | **1,118,009** | **3,183,303** | **26,380,969** |
| **Segment Liabilities** | | | | | |
| Other | 872,364 | 8,548 | - | 351,453 | 1,232,365 |
| **Total Segment Liabilities** | **872,364** | **8,548** | **-** | **351,453** | **1,232,365** |

| For the year ended 30 June 2009 | Mineral Exploration | | | Investment | Consolidated |
|---|---|---|---|---|---|
| | Africa | Sweden | USA | | |
| Total segment revenue | - | | - | 450,166 | 450,166 |
| Profit (loss) before income tax | (2,718,328) | (111,627) | - | (1,941,629) | (4,771,584) |
| **Segment Assets** | | | | | |
| Investments in associates | - | - | - | 364,794 | 364,794 |
| Property, plant and equipment | 715,180 | 37,151 | - | 13,432 | 765,763 |
| Exploration and evaluation expenditure | 14,282,007 | 5,314,864 | - | - | 19,596,871 |
| Other | 976,223 | (421,828) | - | 2,051,542 | 2,605,938 |
| **Total Segment Assets** | **15,973,411** | **4,930,187** | **-** | **2,429,768** | **23,333,366** |
| **Segment Liabilities** | | | | | |
| Other | 265,478 | 13,827 | - | 120,088 | 399,393 |
| **Total Segment Liabilities** | **265,478** | **13,827** | **-** | **120,088** | **399,393** |

## 7. Income

### (a) Revenue from continuing operations

| | 2010<br>AUD | 2009<br>AUD |
|---|---|---|
| Management fees charged | 64,391 | 227,286 |
| Interest Received | 269,367 | 187,905 |
| | 333,758 | 415,191 |

### (b) Other income

| | 2010<br>AUD | 2009<br>AUD |
|---|---|---|
| Refund of tenement permit fees | 48,653 | 34,975 |
| | 48,653 | 34,975 |

## 8. Professional fees

| | 2010<br>AUD | 2009<br>AUD |
|---|---|---|
| Audit fees | (108,627) | (91,540) |
| Tax consulting services | (1,300) | (24,997) |
| Legal costs | (92,608) | (82,416) |
| Other professional fees | (42,490) | (84,894) |
| | (245,025) | (283,846) |

## 9. Employee benefit expense

| | 2010<br>AUD | 2009<br>AUD |
|---|---|---|
| Wages | (485,843) | (825,138) |
| Corporate consultants | (73,664) | (278,008) |
| Directors fees | (829,755) | (783,505) |
| Share based payments expense | (277,210) | (76,277) |
| | (1,666,472) | (1,962,929) |

## 10. Other expenses

| | 2010 AUD | 2009 AUD |
|---|---|---|
| Corporate costs | (246,177) | (152,703) |
| Premises and insurance | (338,275) | (551,768) |
| Travelling costs | (148,470) | (130,112) |
| Depreciation | (156,353) | (185,420) |
| Disposal on sale of assets | 962 | (27,013) |
| Other operating expenses | (223,131) | (164,203) |
| | (1,111,444) | (1,211,219) |

## 11. Foreign currency gains & losses

| | 2010 AUD | 2009 AUD |
|---|---|---|
| Foreign currency loss | (68,933) | 115,848 |
| Net foreign gain / (loss) | (68,933) | 115,848 |

## 12. Income taxes

| | 2010 AUD | 2009 AUD |
|---|---|---|
| Current tax | - | - |
| Deferred tax | - | - |
| | - | - |

**Reconciliation of income tax expense/(benefit) to prima facie income tax payable(/(refundable):**

| | 2010 AUD | 2009 AUD |
|---|---|---|
| Loss before income tax | (6,703,539) | (4,671,584) |
| Prima facie income tax at 30% | (2,011,062) | (1,401,475) |
| Tax effect of permanent differences | 1,308,362 | 514,373 |
| Effect of adopting tax consolidation during the prior period | (702,700) | (887,102) |
| Difference in overseas tax rates | 194,591 | 197,533 |
| Effect of capital loss not recognised as deferred tax assets | - | 122,100 |
| Effect of tax loss not recognised as deferred tax assets | 508,109 | 567,469 |
| Income tax expense/(benefit) | - | - |

**Unrecognised deferred tax assets:**

| | 2010 AUD | 2009 AUD |
|---|---|---|
| Losses - Revenue | 2,635,556 | 2,127,447 |
| Losses - Capital | 122,100 | 122,100 |
| Provisions, accruals and other | 60,778 | 46,494 |
| | 2,818,434 | 2,296,041 |

## 13. Loss per share

The calculation of basic earnings per share at 30 June 2010 was based on the loss attributable to ordinary shareholders of $3,387,492 (2009: $3,599,597) and a weighted average number of ordinary shares outstanding during the financial year ended 30 June 2010 of 224,606,886 (2009: 224,410,764) calculated as follows:

### (a) Basic loss per share

| | 2010 AUD | 2009 AUD |
|---|---|---|
| ***Loss attributable to ordinary shareholders*** | | |
| Loss for the period | (6,769,539) | (4,771,584) |
| Non-controlling interest | (3,382,047) | (1,171,987) |
| Loss attributable to ordinary shareholders | (3,387,492) | (3,599,597) |
| ***Weighted average number of ordinary shares*** | | |
| Issued ordinary shares at 1 July 2010 | 224,410,764 | 224,410,764 |
| Weighted average number of shares at 30 June 2010 | 224,606,886 | 224,410,764 |
| ***Basic loss per share*** | | |
| Basic loss per share (cents per share) | (1.5) | (1.6) |

### (b) Diluted loss per share

Potential ordinary shares are not considered dilutive, thus diluted loss per share is the same as basic loss per share.

## 14. Cash and cash equivalents

### (a) Reconciliation to cash at the end of the year

| | 2010 AUD | 2009 AUD |
|---|---|---|
| Cash at bank & on hand | 6,625,764 | 1,054,011 |
| Term deposits | 56,987 | 606,085 |
| | 6,682,751 | 1,660,096 |

### (b) Interest rate risk exposure

The Group's exposure to interest rate risk is discussed in note 4.

## 15. Receivables

| | 2010 AUD | 2009 AUD |
|---|---|---|
| Trade debtors | 100,369 | 522,578 |
| Other receivable | 343,279 | 423,264 |
| | 443,648 | 945,842 |

### (a) Risk exposure

Information about the Group's exposure to credit risk, foreign exchange and interest rate risk is provided in note 4.

## 16. Investments in associate

During 2010, the Group maintained a 29.8% interest in Agricola Resources Plc. This investment is accounted for in the consolidated financial statements using the equity method of accounting.

Information relating to the associate entity is set out below.

| | 2010<br>AUD | 2009<br>AUD |
|---|---|---|
| Investments in Agricola Resources Plc (29.8%) | 588,241 | 364,794 |
| | 588,241 | 364,794 |

### (a) Carrying amount

Associate: Agricola Resources Plc
Principal activity: Mineral exploration
Country of incorporation: UK

| *Carrying amount* | 2010<br>AUD | 2009<br>AUD |
|---|---|---|
| Agricola Resources Plc | 588,241 | 364,794 |

| *Movement in carrying amount* | 2010<br>AUD | 2009<br>AUD |
|---|---|---|
| Carrying amount at the beginning of the year | 364,794 | 963,093 |
| Acquired during the year | 18,419 | - |
| Share of losses after income tax | (66,000) | (100,000) |
| (Impairment)/Reversal of Impairment of Agricola | 271,028 | (498,299) |
| Carrying amount at the end of the financial year | 588,241 | 364,794 |

### (b) Fair value of listed investment in associate

| *Fair value of investment in associate* | 2010<br>AUD | 2009<br>AUD |
|---|---|---|
| Agricola Resources Plc | 588,241 | 364,794 |

### (c) Share of associate's profits or losses

| | 2010<br>AUD | 2009<br>AUD |
|---|---|---|
| Loss before income tax | (66,000) | (100,000) |
| Income tax expense | - | - |
| Loss after income tax | (66,000) | (100,000) |

### (d) Summarised financial information of associates

Summary financial information for equity accounted investees, not adjusted for the percentage ownership held by the Group:

| | 2009<br>AUD | 2008<br>AUD |
|---|---|---|
| *Ownership* | *29.8%* | *29.9%* |
| Current assets | 32,707 | 119,079 |
| Non-current assets | 201 | 526,417 |
| **Total assets** | 32,908 | 645,496 |
| Current liabilities | 51,669 | 180,256 |
| **Total liabilities** | 51,669 | 180,256 |
| Revenues | | |
| Expenses | - | - |
| Loss | (66,000) | (100,000) |

### (e) Share of associate's expenditure commitments

The associate company has no capital or other commitments at 30 June 2010.

### (f) Contingent liabilities of associates

The associate company had no contingent liabilities or contingent assets at 30 June 2010.

## 17. Property, plant and equipment

| | 2010<br>AUD | 2009<br>AUD |
|---|---|---|
| Fixed assets at cost | 1,066,758 | 1,008,252 |
| Fixed assets - accumulated depreciation | (346,334) | (242,489) |
| | 720,424 | 765,763 |

| | 2010<br>AUD | 2009<br>AUD |
|---|---|---|
| ***Plant and equipment at cost:*** | | |
| **Balance at the beginning of the year** | 1,008,252 | 768,386 |
| Additions | 32,971 | 282,921 |
| Disposals | - | (50,013) |
| Effect of movements in foreign exchange | 25,535 | 6,958 |
| **Balance at the end of the year** | 1,066,758 | 1,008,252 |
| ***Plant and equipment – depreciation and impairment losses*** | | |
| **Balance at the beginning of the year** | (242,489) | (95,861) |
| Depreciation charge for the year | (156,353) | (185,420) |
| Disposals | - | 27,013 |
| Effect of movements in foreign exchange | 52,508 | 11,779 |
| **Balance at the end of the year** | (346,334) | (242,489) |
| ***Carrying amounts*** | | |
| Balance at the beginning of the year | 765,763 | 672,525 |
| Balance at the end of the year | 720,424 | 765,763 |

## 18. Exploration and evaluation expenditure

| | 2010 AUD | 2009 AUD |
|---|---|---|
| Exploration expenditure at cost | 17,945,904 | 19,596,871 |

The recoverability of the carrying amounts of exploration and evaluation assets is dependent on the successful development and commercial exploitation or sale of the respective areas of interest.

***EE&D movement reconciliation***

| | 2010 AUD | 2009 AUD |
|---|---|---|
| **Balance at the beginning of the year** | 19,596,871 | 14,746,766 |
| Additions | 3,970,532 | 4,310,269 |
| Effect of movements in foreign exchange | (1,369,261) | 1,414,142 |
| Impairment of exploration expenditure | (4,252,238) | (874,306) |
| **Balance at the beginning of the year** | 17,945,904 | 19,596,871 |
| **Carrying amounts** | | |
| Balance at the beginning of the year | 19,596,871 | 14,746,766 |
| Balance at the end of the year | 17,945,904 | 19,596,871 |

Capitalised exploration and evaluation expenditure has been impaired during the period as the Group has stopped active exploration in the relevant areas of interest.

## 19. Trade and other payables

| | 2010 AUD | 2009 AUD |
|---|---|---|
| Trade creditors | 183,876 | 246,494 |
| Other payables | 1,048,490 | 152,899 |
| | 1,232,366 | 399,393 |

**(a) Risk exposure**

Information about the Group's exposure to credit risk, foreign exchange and interest rate risk is provided in note 4.

## 20. Issued capital

| | 2010 AUD | 2009 AUD |
|---|---|---|
| Issued capital | 12,861,915 | 10,351,164 |
| Cost of share issue | (389,873) | (297,657) |
| | 12,472,042 | 10,053,507 |

**(a) Ordinary shares**

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in the proportion to the number and amount paid on the shares held.

### (b) Capital risk management

The Group's objectives when managing capital are to safeguard their ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

***Movement in share capital***

| *2010* | *Ordinary shares* | Number of shares | Issue price | AUD |
|---|---|---|---|---|
| 01 Jul 2009 | Opening balance | 224,410,764 | | 10,053,507 |
| 23 Dec 2009 | Share Placement (5.5 cents) | 20,000,000 | 0.055 | 1,100,000 |
| 02 Jun 2010 | Share Placement (3.5 cents) | 12,900,000 | 0.035 | 451,500 |
| 28 Jun 2010 | Rights Issue (3.5 cents) | 27,407,190 | 0.035 | 959,252 |
| | Capital Raising costs | | | (92,216) |
| **30 June 2010** | **Closing balance** | 284,717,954 | | 12,472,042 |
| *2009* | | | | |
| 01 Jul 2008 | Opening balance | 224,410,764 | | 10,053,507 |
| **30 June 2009** | **Closing balance** | 224,410,764 | | 10,053,507 |

## 21. Reserves

| | 2010 AUD | 2009 AUD |
|---|---|---|
| Share based payments reserve | 3,628,393 | 3,351,183 |
| Foreign currency translation reserve | (1,181,748) | (16,170) |
| Other reserves | 10,584,707 | 11,424,691 |
| | 13,031,352 | 14,759,705 |

Movements in reserves are disclosed in the Statement of Changes in Equity.

***Share based payments reserve***
The reserve represents the value of options issued under the compensation arrangement that the consolidated entity is required to include in the consolidated financial statements. No gain or loss is recognised in the profit or loss on the purchase, sale, issue or cancellation of the consolidated entity's own equity instruments.

***Foreign Currency Translation reserve***
The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations where their functional currency is different to the presentation currency of the reporting entity.

***Asset reserve***
The reserve represents the uplift in value that arises upon the dilution in subsidiary companies. Amounts are recognised in the profit and loss when the associated entities are sold or impaired.

## 22. Key management personnel disclosures

### (a) Directors

The following persons were Directors of Energy Ventures Limited during the financial year:

***(i) Chairman – Non-executive***
Dr Ian Duncan

***(ii) Executive Directors***
Mr Alasdair Cooke
Mr Gregory (Bill) Fry

***(iii) Non-Executive Directors***
Mr Michael Curnow

### (b) Other key management personnel

The following persons had authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, during the financial year:

| **Name** | **Position** | **Employer** |
|---|---|---|
| Charles Tabeart | Managing Director | African Energy Resources Limited |
| Lachlan Reynolds | Exploration Manager | Energy Ventures Limited |
| Daniel Davis | Company secretary | Mitchell River Group Pty Ltd |

### (c) Key management personnel compensation

The key management personnel compensation is as follows:

| | 2010 AUD | 2009 AUD |
|---|---|---|
| Short-term employee benefits | 1,106,967 | 1,131,713 |
| Post-employment benefits | 47,195 | 44,998 |
| Equity compensation benefits | 119,104 | 56,022 |
| | 1,273,266 | 1,232,732 |

Information regarding individual Directors and executive compensation and some equity instruments disclosures as permitted by Corporations Regulation 2M.3.03 is provided in the remuneration report section of the Director's report.

### (d) Equity instrument disclosures relating to key management personnel

#### (i) Option holdings

| 2010 | Balance at 1/07/2009 | Granted as compensation | Exercised | Other changes | Balance at 30/06/2010 | Vested and exercisable | Unvested |
|---|---|---|---|---|---|---|---|
| **Non- executive Directors** | | | | | | | |
| Ian Duncan | 1,850,000 | - | - | - 1,000,000 | 850,000 | 850,000 | - |
| Michael Curnow | 1,250,000 | 250,000 | - | - 500,000 | 1,000,000 | 875,000 | 125,000 |
| **Key Management Personnel** | | | | | | | |
| **Executive Directors** | | | | | | | |
| Gregory Fry | 1,000,000 | 2,250,000 | - | - | 3,250,000 | 2,125,000 | 1,125,000 |
| Alasdair Cooke | 1,000,000 | - | - | - | 1,000,000 | 1,000,000 | - |
| **Other Executives** | | | | | | | |
| Charles Tabeart | 1,000,000 | 1,000,000 | - | - | 2,000,000 | 1,500,000 | 500,000 |
| Lachlan Reynolds | 1,500,000 | 1,000,000 | - | - | 2,500,000 | 2,000,000 | 500,000 |
| Daniel Davis | 100,000 | 750,000 | - | - | 850,000 | 475,000 | 375,000 |
| | 7,700,000 | 5,250,000 | - | - 1,500,000 | 11,450,000 | 8,825,000 | 2,625,000 |

| 2009 | Balance at 1/07/2008 | Granted as compensation | Exercised | Other changes | Balance at 30/06/2009 | Vested and exercisable | Unvested |
|---|---|---|---|---|---|---|---|
| **Non- executive Directors** | | | | | | | |
| Ian Duncan | 1,850,000 | - | - | - | 1,850,000 | 1,850,000 | - |
| Michael Curnow | 1,250,000 | - | - | - | 1,250,000 | 1,250,000 | - |
| **Key Management Personnel** | | | | | | | |
| **Executive Directors** | | | | | | | |
| Alasdair Cooke | 1,000,000 | - | - | - | 1,000,000 | 1,000,000 | - |
| Brett Mitchell | 5,000,000 | - | - | - | 5,000,000 | 5,000,000 | - |
| **Other Executives** | | | | | | | |
| Charles Tabeart | 1,000,000 | - | - | - | 1,000,000 | 1,000,000 | - |
| Gregory Fry | 1,000,000 | - | - | - | 1,000,000 | 1,000,000 | - |
| Lachlan Reynolds | 500,000 | 1,000,000 | - | - | 1,500,000 | 750,000 | 750,000 |
| Daniel Davis | - | 100,000 | - | - | 100,000 | 50,000 | 50,000 |
| | 11,600,000 | 1,100,000 | - | - | 12,700,000 | 11,900,000 | 800,000 |

### (ii) Share holdings

| 2010 | Balance at 1/07/2009 | Purchases | Off Market Transfer | Balance at 30/06/2010 |
|---|---|---|---|---|
| **Non- executive Directors** | | | | |
| Ian Duncan | 500,000 | 125,000 | - | 625,000 |
| Michael Curnow | 670,500 | 167,625 | - | 838,125 |
| **Key Management Personnel** | | | | |
| **Executive Directors** | | | | |
| Gregory Fry | 5,500,000 | 1,203,571 | - | 6,703,571 |
| Alasdair Cooke | 46,152,630 | 10,516,760 | - | 56,669,390 |
| **Other Executives** | | | | |
| Charles Tabeart | 80,000 | 20,000 | - | 100,000 |
| Lachlan Reynolds | 100,000 | 25,000 | - | 125,000 |
| Daniel Davis | 200,000 | - | - | 200,000 |
| | 53,203,130 | 12,057,956 | - | 65,261,086 |

| 2009 | Balance at 1/07/2008 | Purchases | Off Market Transfer | Balance at 30/06/2009 |
|---|---|---|---|---|
| **Non- executive Directors** | | | | |
| Ian Duncan | 500,000 | - | - | 500,000 |
| Michael Curnow | 670,500 | - | - | 670,500 |
| **Key Management Personnel** | | | | |
| **Executive Directors** | | | | |
| Alasdair Cooke | 44,152,630 | - | 2,000,000 | 46,152,630 |
| Brett Mitchell | 900,000 | - | - | 900,000 |
| **Other Executives** | | | | |
| Charles Tabeart | 30,000 | 50,000 | - | 80,000 |
| | | | - | |
| Gregory Fry | 7,500,000 | - | 2,000,000 | 5,500,000 |
| Lachlan Reynolds | - | 100,000 | - | 100,000 |
| Daniel Davis | 100,000 | 100,000 | - | 200,000 |
| | 53,853,130 | 250,000 | - | 54,103,130 |

### (e) Loans to key management personnel

There were no loans made to key management personnel during the year ended 30 June 2010 (2009: nil).

### (f) Other transactions with key management personnel

Other transactions with key management personnel are discussed in related parties disclosure (note 24(c)).

## 23. Notes to the Cash Flow Statement

| | 30-Jun-10 AUD | 30-Jun-09 AUD |
|---|---|---|
| ***Cash flows from operating activities*** | | |
| Loss for the year | (6,769,539) | (4,771,584) |
| *Adjustments for:* | | |
| Depreciation expense | 156,353 | 185,420 |
| Impairment expense | 3,994,075 | 1,372,605 |
| Loss on disposal of investment | - | 407,000 |
| Net foreign exchange losses | (48,647) | (115,848) |
| Equity-settled share-based payment expenses | 277,210 | 76,277 |
| Share of losses of equity accounted investees | 66,000 | 100,000 |
| **Operating profit before changes in working capital and provisions** | (2,324,548) | (2,746,131) |
| (Increase)/decrease in trade and other receivables | 128,024 | (41,314) |
| (Decrease)/increase in trade and other payables | (60,298) | (118,153) |
| **Net cash used in operating activities** | (2,256,822) | (2,905,598) |

## 24. Related Parties

### (a) Parent entity

The parent entity of the Group is Energy Ventures Limited, it is incorporated in Australia.

Registered office and principal place of business:
Level 1, 8 Colin Street
West Perth WA 6005

### (b) Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described under 3(a).

| Name of entity | Country of incorporation | Equity holding 2010 % | Equity holding 2009 % |
|---|---|---|---|
| ***Direct subsidiaries of the parent*** | | | |
| Norrsken Energy Resources | UK | 51 | 51 |
| African Energy Resources Limited | Guernsey | 37.2 | 60.3 |
| ***Indirect subsidiaries*** | | | |
| *(Direct subsidiaries of African Energy Resources Limited – 100%)* | | | |
| A E Resources Pty Ltd | Australia | 37.2 | 60.3 |
| African Energy Resources Limited | Zambia | 37.2 | 60.3 |
| African Energy Resources (SA) (Proprietary) Limited | South Africa | 37.2 | 60.3 |
| African Energy Resources (Proprietary) Limited | Botswana | 37.2 | 60.3 |
| African Energy Resources Limitada | Mozambique | 37.2 | 60.3 |
| Ralldom Investments (Private Limited) | Zimbabwe | 37.2 | 60.3 |
| *(Direct subsidiary of Norrsken Energy Resources Limited – 100%)* | | | |
| EVEV Ventures Pty Ltd | Sweden | 51 | 51 |
| *(Direct subsidiary of African Energy Resources Limited (Zambia) – 70%)* | | | |
| Chirundu Joint Ventures Limited | Zambia | 26 | - |

Chirundu Joint Ventures Limited was incorporated on 6 July 2008 to manage the operations of the Chirundu joint venture jointly owned by African Energy and Albidon Limited. Shares in the company were issued to the joint venture parties in proportion to their ownership interest in the joint venture. This proportion remained to balance date.

**(c) Other transactions with key management personnel**

During the year, the consolidated entity was charged $2,246 (2009: $13,116) by Exco Resources Ltd for the recharge of phone and internet expenses. The consolidated entity charged $2,461 to Exco Resources Ltd. Exco Resources Ltd is a company associated with Mr Alasdair Cooke.

During the year, the consolidated entity was charged $447,386 (2009: $807,715) by Mitchell River Group Pty Ltd for the recharge of overheads, wages and rental costs, as at 30 June 2010 $53,279 was outstanding. The consolidated entity charged Mitchell River Group Pty Ltd $7,171 for overhead and wages costs, as at 30 June 2010 $5,784 was outstanding. Mitchell River Group Pty Ltd is a company associated with Mr Alasdair Cooke.

During the year, the consolidated entity was charged $12,517 (2009: $12,143) by Albidon Ltd for the recharge of overheads. The consolidated entity charged Albidon Ltd $194,108 (2009: $1,560,987) for costs relating to the Chirundu Joint Venture, as at 30 June 2010 $1,971 was outstanding. Albidon Ltd is a company associated with Mr Alasdair Cooke.

During the year, the consolidated entity charged Oval Biofuels Ltd $1,394 for overhead and wages costs, as at 30 June 2010 $37,998 was outstanding. Oval Biofuels Ltd is a company associated with Mr Alasdair Cooke and Mr Gregory Fry.

During the year, the consolidated entity was charged $14,665 (2009: $20,240) by African Energy Resources Ltd. The consolidated entity charged $111,197 (2009: $229,710) to African Energy Resources Ltd, as at 30 June 2010 $3,864 was outstanding. African Energy Resources Ltd is a company associated with Mr Alasdair Cooke, Mr Michael Curnow and Mr Gregory Fry.

During the year, the consolidated entity charged Norrland Resources Ltd $64,838 (2009: $144,523) for costs relating to wages and technical project work, as at 30 June 2010 $9,888 was outstanding. Norrland Resources Ltd is a company associated with Mr Alasdair Cooke and Mr Gregory Fry.

The terms and conditions of the transactions with Directors, key executives and associates and their related entities were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-Director related entities on an arm's length basis.

**Assets and liabilities arising from the above transactions**

| | Consolidated | |
|---|---|---|
| | **2010 AUD** | **2009 AUD** |
| Trade debtors | 59,506 | 530,931 |
| Trade creditors | 53,279 | 136,739 |

**(d) Subsidiaries**

Details of the percentage of ordinary shares held in subsidiaries are disclosed in note 24(b) to the financial statements.

## 25. Share-based payment arrangements

### (a) Option Plans

The EVE Employee Option Plan is designed to provide long-term incentives for senior managers and above (including executive Directors) to deliver long-term shareholder returns. Participation in the plan is at the Board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

Options are granted under the plan for no consideration. Options granted under the plan carry no dividend or voting rights. When exercisable, each option is convertible into one ordinary share. The exercise price of options is based on the weighted average price at which the company's shares are traded on the ASX.

**EVE 2010**

| Grant Date | Expiry Date | Exercise Price cents | Balance at start of year | Granted during the year | Exercised during the year | Forfeited during the year | Balance at end of year |
|---|---|---|---|---|---|---|---|
| 1/07/2007 | 30/12/2009 | 12 | 2,000,000 | - | - | (2,000,000) | - |
| 30/11/2006 | 30/04/2010 | 12 | 1,500,000 | - | - | (1,500,000) | - |
| 12/03/2007 | 30/06/2012 | 16 | 10,300,000 | - | - | (4,000,000) | 6,300,000 |
| 9/11/2007 | 30/06/2012 | 20 | 1,000,000 | - | - | - | 1,000,000 |
| 29/10/2008 | 30/06/2012 | 5 | 2,200,000 | - | - | (100,000) | 2,100,000 |
| 1/10/2009 | 30/06/2012 | 5 | - | 2,250,000 | - | (75,000) | 2,175,000 |
| 25/11/2009 | 30/06/2012 | 5 | - | 2,500,000 | - | - | 2,500,000 |
| 11/05/2010 | 30/06/2012 | 5 | - | 750,000 | - | - | 750,000 |
| | | | | | | | 14,825,000 |

**EVE 2009**

| Grant Date | Expiry Date | Exercise Price cents | Balance at start of year | Granted during the year | Exercised during the year | Forfeited during the year | Balance at end of year |
|---|---|---|---|---|---|---|---|
| 1/07/2007 | 30/12/2009 | 12 | 2,000,000 | - | - | - | 2,000,000 |
| 30/11/2006 | 30/04/2010 | 12 | 1,500,000 | - | - | - | 1,500,000 |
| 12/03/2007 | 30/06/2012 | 16 | 10,300,000 | - | - | - | 10,300,000 |
| 9/11/2007 | 30/06/2012 | 20 | 1,000,000 | - | - | - | 1,000,000 |
| 29/10/2008 | 30/06/2012 | 5 | - | 2,500,000 | - | (300,000) | 2,200,000 |
| | | | | | | | 17,000,000 |

**AFR 2010**

| Grant Date | Expiry Date | Exercise Price cents | Balance at start of year | Granted during the year | Exercised during the year | Forfeited during the year | Balance at end of year |
|---|---|---|---|---|---|---|---|
| 1/07/2007 | 30/06/2012 | 31.25 | 12,225,000 | - | - | (294,934) | 11,930,066 |
| 20/11/2007 | 28/06/2012 | 40 | 730,000 | - | - | (430,000) | 300,000 |
| 12/12/2007 | 29/06/2012 | 40 | 700,000 | - | - | (150,000) | 550,000 |
| 22/04/2008 | 30/06/2012 | 40 | 600,000 | - | - | - | 600,000 |
| 2/07/2009 | 30/06/2012 | 8.5 | - | 2,000,000 | (37,500) | (112,500) | 1,850,000 |
| 27/08/2009 | 30/06/2012 | 8.5 | - | 2,200,000 | - | - | 2,200,000 |
| 2/10/2009 | 30/06/2012 | 12.5 | - | 500,000 | - | - | 500,000 |
| | | | | | | | 17,930,066 |

**AFR 2009**

| Grant Date | Expiry Date | Exercise Price cents | Balance at start of year | Granted during the year | Exercised during the year | Forfeited during the year | Balance at end of year |
|---|---|---|---|---|---|---|---|
| 1/07/2007 | 30/06/2012 | 31.25 | 12,225,000 | - | - | (294,934) | 11,930,066 |
| 20/11/2007 | 28/06/2012 | 40 | 730,000 | | - | (430,000) | 300,000 |
| 12/12/2007 | 29/06/2012 | 40 | 700,000 | | - | (150,000) | 550,000 |
| 22/04/2008 | 30/06/2012 | 40 | 600,000 | | - | | 600,000 |
| | | | | | | | 13,380,066 |

During the financial period, no options issued under the plan were exercised.

The fair value of services received in return for share options granted are measured by reference to the fair value of share options granted. The estimate of the fair value of the services received is measured based on the Black-Scholes option-pricing model. The contractual life of the option is used as an input into this model. Expectations of early exercise are incorporated into the Black-Scholes option-pricing model.

| ENERGY VENTURES LTD | 2012 Options 5 cent options | 2012 Options 5 cent options | 2012 Options 5 cent options | 2012 Options 5 cent options | 2012 Options 20 cent options | 2012 Options 16 cent options |
|---|---|---|---|---|---|---|
| Fair value at measurement date (cents per option) | 0.74 | 2.70 | 1.83 | 0.37 | 9.58 | 11.66 |
| Share price (cents per share) | 4.30 | 6.30 | 5.00 | 1.00 | 17.00 | 20.50 |
| Exercise price (cents per option) | 5.00 | 5.00 | 5.00 | 5.00 | 20.00 | 16.00 |
| Expected volatility (expressed weighted average volatility used in the modelling under binomial option-pricing model) | 45% | 63% | 63% | 125% | 86% | 75% |
| Expected dividends | - | - | - | - | - | - |
| Risk-free interest rate | 4.28% | 3.25% | 3.25% | 6.56% | 6.72% | 6.00% |

| | Apr-08 Options 2008 | Dec-07 Options 2008 | Nov-07 Options 2008 | Mar-07 Options 2007 | Jul-09 Options 2009 | Aug-09 Options 2009 | Oct-09 Options 2009 |
|---|---|---|---|---|---|---|---|
| Fair value at measurement date (cents per option) | 15.9 cents | 24.4 cents | 20.9 cents | 13 cents | 3.5 cents | 5 cents | 5 cents |
| Share price (cents per share) | 27 cents | 38 cents | 34 cents | 25 cents | 5.3 cents | 7.4 cents | 10 cents |
| Exercise price (cents per option) | 40 cents | 40 cents | 40 cents | 31.25 cents | 8.5 cents | 8.5 cents | 12.5 cents |
| Expected volatility (expressed as weighted average) | 108.76% | 105.00% | 105.00% | 5.90% | 155.18% | 151.33% | 126.21% |
| Option life (expressed as weighted average life) | 4 Years | 4 Years | 4 Years | 5 Years | 3 Years | 3 Years | 3 Years |
| Expected dividends | - | - | - | - | - | - | - |
| Risk-free interest rate (based on national government bonds) | 7.21% | 6.54% | 6.72% | 5.99% | 3.15% | 3.15% | 3.24% |

The expected volatility is based on the historic volatility (calculated based on the weighted average remaining life of the share options), adjusted for any expected changes to future volatility due to publicly available information.

Share options are granted under a service condition and, for grants to key management personnel, market and non-market performance conditions. Non-market performance conditions are not taken into account in the grant date fair value measurement of the services received.

### (b) Expenses arising from share-based transactions

| | 2010 $ | 2009 $ |
|---|---|---|
| Share options granted - equity settled | 277,210 | 1,200,936 |
| Total expense recognised as employee costs | 277,210 | 1,200,936 |

## 26. Auditor's remuneration

| | 2010 AUD | 2009 AUD |
|---|---|---|
| **Auditors of the Company and their related entities** | | |
| *BDO Audit (WA) Pty Ltd:* | | |
| Audit and review of financial reports | 79,917 | 62,719 |
| *BDO (Zambia)* | | |
| Audit and review of financial reports | 15,117 | 9,319 |
| *BDO Corporate Tax (WA) Pty Ltd:* | | |
| Taxation | - | 2,000 |
| *BDO Corporate Finance (WA) Pty Ltd:* | | |
| Other services | - | 4000 |
| Total auditor's fees recognised as expense in the income statement | 95,034 | 78,038 |

## 27. Parent company disclosures

| | 2010 AUD | 2009 AUD |
|---|---|---|
| Current Assets | 2,173,488 | 981,640 |
| Non-Current Assets | 5,189,478 | 5,513,574 |
| **Total Assets** | 7,362,966 | 6,495,214 |
| | | |
| Current Liabilities | 341,286 | 120,088 |
| **Total Liabilities** | 341,286 | 120,088 |
| | | |
| Contributed equity | 12,472,042 | 10,053,507 |
| Reserves | 1,527,153 | 1,448,530 |
| Accumulated losses | (6,977,516) | (5,126,911) |
| **Total Equity** | 7,021,680 | 6,375,126 |
| | | |
| Profit / (loss) for the year | (1,850,605) | (1,784,047) |
| Other comprehensive income / (loss) for the year | - | - |
| **Total comprehensive income / (loss) for the year** | (1,850,605) | (1,784,047) |

## 28. Dividends

The Directors do not recommend the payment of a dividend and no amount has been paid or declared by way of a dividend to the date of this report.

## 29. Capital and other commitments

There were no Capital and other commitments at 30 June 2010 or in the comparative period.

## 30. Contingent assets and liabilities

There were no contingent liabilities or contingent assets at 30 June 2010.

**31. Dilution of Investment in Subsidiary**

During the year, as a result of share placements, the Company's investment in its subsidiary, African Energy Resources Limited, was diluted from a 60.3% shareholding to a 37.23% shareholding. This resulted in a gain on dilution of $8,663,582 being recognised in reserves by the non-controlling interest, which is in accordance with AASB 127 paragraph 5 which prescribes that any gain or loss on the issue of new share capital by the subsidiary should be recognised directly in equity.

The group maintains control of African Energy Resources Limited due to the 37.23% voting power and the power to cast the majority of votes at meetings of the Board of Directors due to 60% of the Board of African Energy Resources Limited being directors of Energy Ventures Ltd and due to defacto control as the balance of shareholdings is widely dispersed.

**32. Subsequent events**

On 8 July, Energy Ventures announced that it had completed the acquisition of the Aurora uranium deposit in Oregon, USA for a cash consideration of USD 2 million from Uranium One Incorporated (TSX:UUU). The claims are held by Oregon Energy LLC, a 100% owned subsidiary of Energy Ventures.

On 16 August, Energy Ventures announced that it has completed pegging of 37 new federal lode claims in northwest Nevada, USA. The claims, which together comprise a total of approximately 740 hectares, cover the historical uranium prospect known as Virgin Valley. The claims are held by Oregon Energy LLC, a 100% owned subsidiary of Energy Ventures.

On 26 August, Energy Ventures completed a shortfall placement of 33,695,501 shares at 3.5 cents per share, raising $1,179,342 before costs. Funds raised will be used to advance exploration on the Aurora uranium deposit and Virgin Valley uranium projects.

Other than the abovementioned events, there are no matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years other than disclosed in the Directors' report.